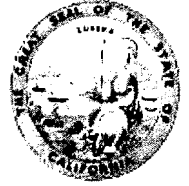




California
Department of
Health Services

SANDRA SHEWRY
Director

State of California—Health and Human Services Agency
Department of Health Services



ARNOLD SCHWARZENEGGER
Governor

April 10, 2007

Ms. Kim Roberts
Chief Financial Officer
Acting Executive Director
Santa Clara Valley Health and Hospital System
2325 Enborg Lane
San Jose, CA 95128

NOTICE OF ALLOCATION – HEALTH CARE COVERAGE INITIATIVE

Dear Ms. Roberts:

The purpose of this letter is to confirm that the County of Santa Clara was selected to receive an allocation of federal funding to implement its proposed Valley Care Program under the Health Care Coverage Initiative (Coverage Initiative). The amount of the allocation is \$20,700,000 annually for the provision of health care services during the period of September 1, 2007 to August 31, 2010.

The California Department of Health Services (CDHS) received a total of 17 applications for Coverage Initiative funding. The applications were reviewed, scored, and ranked. The federal funds were allocated to the ten highest ranking applications until the total annual amount of \$180 million was allocated.

In addition to receiving the Coverage Initiative allocation of \$20,700,000, the County will have the opportunity to separately claim allowable administrative and care and case management costs associated with the Valley Care Program.

CDHS will be working with each of the selected applicants to finalize their program contracts in order to meet the Coverage Initiative implementation date of September 1, 2007. Meanwhile, please proceed with securing all internal approvals necessary in your County to prepare for implementation of the Valley Care Program.

You may review additional details regarding the Coverage Initiative allocations at www.dhs.ca.gov/coverageinitiative. Please direct any questions regarding this letter to the Coverage Initiative e-mail box at coverageinitiative@dhs.ca.gov.

Congratulations on being selected to receive a Coverage Initiative allocation. We look forward to working with you in the implementation of the Valley Care Program.

Sincerely,

A handwritten signature in cursive script, appearing to read "Nancy Hutchison".

Nancy Hutchison, Chief
Field Operations Support Branch

cc: Ms. Christine Tyler, RN, M.P.H.
Santa Clara Valley Health and Hospital System
2325 Enborg Lane
San Jose, CA 95128

Martin Fenstersheib, M.D., M.P.H.
Santa Clara County Health Officer
976 Lenzen Avenue, 2nd Floor
San Jose, CA 95126